



26 October 2004

Summary of Non-consolidated Financial Statements for the First Half of the Financial Year Ending 31 March 2005

Listed company's name: **Shinko Securities Co., Ltd.** Listing stock exchanges: Tokyo, Osaka, and Nagoya
 Code No.: 8606 Location of head office: Tokyo
 (URL: <http://www.shinko-sec.co.jp/>)
 Representative: Takashi Kusama, President
 Contact: Akihiko Furuta, General Manager of Treasury Dept. at (03) 5203-6000
 These financial statements were approved at a meeting of the Board of Directors on 26 October 2004.
 It is the policy of the company not to pay an interim dividend.
 The company's stock trading unit is 1000 shares.

1. Non-consolidated Business Results for the First Half of the Financial Year Ending 31 March 2005 (1 April 2004 - 30 September 2004)

(1) Non-consolidated results of business activities (Note) The amounts displayed below have been rounded off downwards to the nearest million yen.

	Operating revenues		Net operating revenues		Operating profit		Ordinary profit	
	mil. yen	%	mil. yen	%	mil. yen	%	mil. yen	%
First half to September 2004	55,407	(4.5)	53,226	(3.5)	5,167	(-39.8)	7,075	(-24.9)
First half to September 2003	53,023	(41.6)	51,425	(43.0)	8,584	()	9,421	()
Financial year to March 2004	109,105		105,253		18,982		20,248	

	Net profit		Net profit per share
	mil. yen	%	yen
First half to September 2004	6,564	(-27.7)	8.50
First half to September 2003	9,077	()	11.66
Financial year to March 2004	15,971		20.29

(Note) 1. Average number of shares outstanding (non-consolidated):
 First half to 30 September 2004: 772,747,301
 First half to 30 September 2003: 778,228,932
 Financial year to 31 March 2004: 778,181,867

2. There has been no change in the accounting methods used to compile these financial statements.
3. Percentage figures for operating revenues, net operating revenues, operating profit, ordinary profit, and net profit represent the percentage increase or decrease on the same period last year.

(2) Dividend

	Interim dividend per share	Annual dividend per share
	yen	yen
First half to September 2004		
First half to September 2003		
Financial year to March 2004		5.00

(3) Non-consolidated financial status

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	Capital adequacy requirement ratio
	mil. yen	mil. yen	%	yen	%
First half to September 2004	2,915,010	225,997	7.8	293.09	417.6
First half to September 2003	2,452,173	216,890	8.8	278.71	451.4
Financial year to March 2004	2,383,125	226,913	9.5	291.39	459.6

(Note) 1. Number of shares outstanding (non-consolidated):	First half to 30 September 2004:	771,086,834
	First half to 30 September 2003:	778,186,897
	Financial year to 31 March 2004:	778,102,479
2. Number of treasury stocks:	First half to 30 September 2004:	40,031,849
	First half to 30 September 2003:	32,931,786
	Financial year to 31 March 2004:	33,016,204

2. Forecast of non-consolidated business results for the full financial year ending 31 March 2005
(1 April 2004 - 31 March 2005)

Because the company's earnings are strongly influenced by market conditions, we do not conduct forecasts of our business results.

Non-consolidated Balance Sheets

(In millions of yen)

	First half to 30 September 2004	First half to 30 September 2003	Year-on-year increase/decrease	Financial year to 31 March 2004
Assets				
Current assets	2,805,602	2,353,682	451,919	2,277,074
Cash and due from banks	62,151	42,661	19,489	97,468
Fund deposits	60,125	43,944	16,181	49,844
Trading products	1,330,143	810,479	519,664	847,678
Trading securities, etc.	1,324,316	805,096	519,220	844,546
Derivative assets	5,826	5,382	444	3,131
Trade date accrual				41,581
Margin transaction assets	88,677	59,520	29,157	81,584
Customers' loans receivable in margin transactions	82,594	51,636	30,958	71,681
Collateral for borrowed securities for margin transactions	6,082	7,883	-1,800	9,903
Loans receivable secured by securities	1,239,436	1,370,243	-130,806	1,131,256
Collateral for borrowed securities	1,239,336	1,370,243	-130,906	1,127,256
Loans receivable in gensaki transactions	100		100	3,999
Advances	281	462	-180	919
Accounts for non-delivered securities and others				704
Short-term loans receivable	11,878	13,463	-1,585	12,874
Other current assets	13,135	13,064	70	13,409
Allowance for bad debts	-227	-156	-70	-248
Fixed assets	109,408	98,490	10,917	106,050
Tangible fixed assets	5,975	6,311	-336	6,038
Intangible fixed assets	21,639	13,856	7,782	18,354
Investments and other assets	81,793	78,322	3,470	81,657
Investment securities	63,064	60,668	2,395	63,591
Long-term deposits	8,705	9,560	-855	9,238
Other investments	14,743	13,170	1,573	13,592
Allowance for bad debts	-4,720	-5,077	357	-4,765
Total assets	2,915,010	2,452,173	462,837	2,383,125

(In millions of yen)

	First half to 30 September 2004	First half to 30 September 2003	Year-on-year increase/decrease	Financial year to 31 March 2004
Liabilities				
Current liabilities	2,633,370	2,182,482	450,887	2,100,143
Trading products	1,012,412	836,402	176,010	796,913
Trading securities, etc.	1,008,963	830,268	178,695	790,762
Derivative liabilities	3,448	6,134	-2,685	6,150
Trade date accrual	81,180	365,002	-283,821	
Margin transaction liabilities	34,538	39,116	-4,577	52,173
Customers' loans payable for margin transactions	30,401	30,222	178	44,185
Collateral for loaned securities for margin transactions	4,137	8,893	-4,756	7,988
Loans payable secured by securities	1,235,587	776,620	458,967	1,043,968
Amounts receivable on loan transactions	1,024,723	532,086	492,637	815,928
Loans payable in gensaki transactions	210,864	244,534	-33,669	228,040
Deposits received	58,548	35,374	23,173	38,805
Received margins	15,427	11,700	3,726	14,035
Accounts for non-received securities and others	4		4	704
Short-term loans payable	141,710	97,260	44,450	126,010
Commercial paper	42,100	12,500	29,600	18,500
Income taxes payable	378	66	311	153
Reserve for bonus	4,000	2,600	1,400	3,290
Other current liabilities	7,481	5,839	1,642	5,588
Fixed liabilities	54,621	51,986	2,635	55,040
Long-term loans payable	34,250	33,000	1,250	34,250
Deferred tax liabilities	4,488	3,842	645	4,972
Reserves for retirement benefits	15,864	15,125	739	15,799
Other fixed liabilities	19	19	0	19
Statutory reserve	1,020	814	206	1,027
Total liabilities	2,689,012	2,235,282	453,730	2,156,211
Shareholders' equity				
Common stock	125,167	125,167		125,167
Capital surplus	82,088	82,085	3	82,087
Capital reserve	51,407	51,407		51,407
Other capital surplus	30,681	30,677	3	30,679
Marginal profit from reduction in capital reserve	30,677	30,677		30,677
Gain/loss on disposal of treasury stock	4	0	3	2
Earned surplus	18,462	9,077	9,384	15,971
Unappropriated earned surplus	18,462	9,077	9,384	15,971
Difference in valuation of securities	7,808	5,600	2,208	8,758
Treasury stock	-7,529	-5,039	-2,489	-5,071
Total shareholders' equity	225,997	216,890	9,106	226,913
Total liabilities and shareholders' equity	2,915,010	2,452,173	462,837	2,383,125

Non-consolidated Statement of Income

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Operating revenues	55,407	53,023	104.5	109,105
Commissions and fees received	38,005	26,943	141.1	60,585
Trading profit or loss	16,066	25,190	63.8	46,747
Financial revenues	1,336	890	150.1	1,773
Financial expenses	2,181	1,598	136.5	3,851
Net operating revenues	53,226	51,425	103.5	105,253
Sales, general and administrative expenses	48,059	42,840	112.2	86,271
Transaction expenses	6,158	5,464	112.7	11,174
Personnel expenses	23,020	20,887	110.2	42,296
Real estate expenses	7,153	7,185	99.6	14,157
Office expenses	7,026	5,815	120.8	12,178
Depreciation	2,860	1,975	144.8	3,899
Taxes and dues	550	239	229.6	396
Others	1,290	1,272	101.4	2,169
Operating profit	5,167	8,584	60.2	18,982
Non-operating revenues	2,045	1,068	191.4	1,858
Non-operating expenses	137	231	59.5	591
Ordinary profit	7,075	9,421	75.1	20,248
Extraordinary profits	591	1,201	49.2	2,096
Extraordinary losses	1,028	1,480	69.5	6,221
Net profit before taxes, etc.	6,637	9,142	72.6	16,123
Income taxes	73	65	112.3	152
Net profit	6,564	9,077	72.3	15,971
Profit brought forward	11,897			
Unappropriated earned surplus	18,462	9,077	203.4	15,971

[About the Non-consolidated Financial Statements]

These non-consolidated financial statements follow the provisions of Ministry of Finance (MoF) Ordinance No.38 (1977) entitled “The Rules for Terms, Formats, and Preparation Method of Interim Financial Statements” and also comply with the provisions stipulated in Articles 38 and 57 of said ordinance. In addition, they are compiled in accordance with Prime Ministerial and MoF Ordinance No.32 (1998) entitled “Cabinet Office Ordinance for Securities Companies” and the resolution entitled “The Unification of Securities Business Accounting” adopted by the Japan Securities Dealers Association on 14 November 1974.

[Basic Important Matters for Preparation of Non-consolidated Financial Statements]

1. Valuation method for securities

- (1) Valuation method for securities classed as trading products (securities held for trading purpose):
Securities and derivative contracts classed as trading products are recorded at present market value.
- (2) Valuation method for securities not classed as trading products:
 - 1) Shares of subsidiaries and affiliates
The cost method by the moving-average method is used.
 - 2) Other securities
 - a) Securities, etc. that have market values:
The present market value is recorded on the non-consolidated balance sheets and differences between this and acquisition cost is incorporated into the capital account in full. The selling price is based on the moving-average cost method.
 - b) Securities, etc. that have no market values
Valued using the moving-average cost method.

2. Depreciation methods used for fixed assets

- (1) Tangible fixed assets
The fixed-percentage method is mainly used.
However, buildings acquired after 1 April 1998 (excluding the equipment, etc. they contain) are depreciated using the straight-line (fixed amount) method.
- (2) Intangible fixed assets and long-term prepaid expenses
The straight-line method is used.
Moreover, software for our own use is depreciated using a straight-line method with the fixed amount of depreciation being determined by the duration of its potential internal use (5 years).

3. Accounting standards for reserves and allowances

- (1) Allowance for bad debts
In preparation for loss from bad debt in loans receivables, etc., the recoverable possibilities of general receivables are reviewed based on the ratio of past uncollectibles and those of specific receivables including the ones that are likely to become bad debts are individually reviewed, so that the irrecoverable amount can be estimated.
- (2) Reserve for bonus
To prepare for the payment of bonuses to employees, we calculated the estimated value of future payments and charged an appropriate portion of this obligation to the current period.
- (3) Reserves for retirement benefits
To prepare for the payment of lump sum retirement bonuses and qualified pensions, the difference between the value of such obligations and the total value of our pension assets at the end of this financial year was estimated, and the portion of the additional shortfall considered to have arisen in the current period was charged to the current period.
The difference at the change in the accounting method (8.277 billion yen) will be amortized in straight-line method over 5 years, and the amount appropriated to the current period is included in the extraordinary loss.
Past service liabilities are regarded at any time as being a number of years (10 years) that fall within the average number of years' service remaining for each employee. These liabilities are amortized and charged to the current period for which it was calculated using the straight-line method.
Actuarial gains and losses are also charged after amortizing by the straight-line method a number of years (10 years) that fall within the average number of years' service remaining for each employee. However, in this case, the charges are recorded in the following consolidated financial year.
- (4) Reserve for securities transaction liabilities
In order to provide against losses resulting from securities trouble, we set aside, in accordance with the provisions in Article 51 of the Securities and Exchange Law, an amount calculated based on the provisions in Article 35 of “Cabinet Office Ordinance for Securities Companies.

4. Handling of lease transaction

In the case of finance leases where ownership is not deemed to have passed to the lessee, normal accounting procedures for leases are followed.

5. Method of hedge accounting

In order to hedge our exposure to cash flow fluctuations caused by borrowing at variable interest rates, we enter into interest rate swap contracts. These are handled on a case-by-case basis.

6. Accounting for consumption tax, etc.

The tax exclusion method is applied.

[Notes on non-consolidated balance sheets]

	First half to 30 September 2004	First half to 30 September 2003	Financial year to 31 March 2004 (In millions of yen)
1. Accumulated depreciation of tangible fixed assets	6,392	6,204	6,173
2. Guarantee obligations (guarantee exercise anticipated)	35,575 (35,442)	39,944 (39,762)	38,669 (38,514)

In accordance with Report No.61 of the Auditing Committee of the Japanese Institute of Certified Public Accountants entitled “Auditing Procedures Concerning the Accounting for and Presentation of Guarantee Obligations and Similar”, we recognize that we bear effective responsibility for guaranteeing our obligations and therefore provide a footnote giving details of these obligations.

3. Subordinated borrowings

Among our long-term borrowings (including those that mature within one year), there are the following subordinated obligations (borrowings with special subordinating conditions) as defined in Article 2 of Cabinet Office Ordinance No.23 (2001) entitled “Orders Concerning the Capital Requirement of Securities Companies”.

	First half to 30 September 2004	First half to 30 September 2003	Financial year to 31 March 2004 (In millions of yen)
	42,500	38,500	42,500

[Notes on non-consolidated statement of income]

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	Financial year from 1 April 2003 to 31 March 2004 (In millions of yen)
Extraordinary profits			
Profit from sale of investment securities	584	493	1,531
Profit from recovery of bad debts		565	565
Reversal from reserve for securities transaction liabilities	6	142	
Extraordinary losses			
Loss from sale of fixed assets		77	115
Loss from disposition of fixed assets	29	55	293
Loss from sale of investment securities	17	122	122
Write-down of investment securities	101	232	394
Write-down of shares of affiliates			2,473
Write-down of golf club memberships	11	3	1
Re-amortization of future retirement and severance pay obligations in line with a change to accounting standards	827	827	1,655
System change costs			814
Expenses incurred through merging or eliminating branches		146	247
Provision of reserve for securities transaction liabilities			70
Provision of allowance for bad debts	41	15	32

Data on Non-consolidated Settlement of Accounts

1. Commissions and fees received

(1) Breakdown for each account

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Brokerage commissions	21,825	16,050	136.0	36,526
(Equities)	(21,694)	(15,850)	(136.9)	(36,191)
(Bonds)	(103)	(165)	(62.5)	(260)
Underwriting & selling fees	4,461	2,105	211.9	5,317
(Equities)	(3,928)	(1,585)	(247.8)	(4,314)
(Bonds)	(532)	(520)	(102.3)	(1,003)
Offering & selling fees and commissions	5,846	4,359	134.1	9,337
Other fees and commissions	5,872	4,427	132.6	9,403
Total	38,005	26,943	141.1	60,585

(2) Breakdown for each product

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Equities	25,835	17,852	144.7	41,124
Bonds	1,401	1,545	90.7	3,094
Beneficiary securities	8,285	6,427	128.9	13,468
Others	2,483	1,117	222.3	2,898
Total	38,005	26,943	141.1	60,585

2. Trading profit or loss

(In millions of yen)

	First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Equities, etc.	5,094	7,235	70.4	15,487
Bonds, exchange, etc.	10,971	17,954	61.1	31,260
(Bonds, etc.)	(11,718)	(17,612)	(66.5)	(30,923)
(Exchange, etc.)	(-746)	(341)	()	(336)
Total	16,066	25,190	63.8	46,747

3. Volume of equity trading (except for futures contracts) (In millions of shares/millions of yen)

	First half from 1 April 2004 to 30 September 2004		First half from 1 April 2003 to 30 September 2003		% change from same period last year		Financial year from 1 April 2003 to 31 March 2004	
	# of shares	Total value	# of shares	Total value	# of shares	Total value	# of shares	Total value
Total	5,612	5,245,322	6,605	4,202,552	85.0	124.8	12,699	9,256,454
(Dealing)	(1,271)	(1,160,178)	(1,069)	(1,185,268)	(118.9)	(97.9)	(2,317)	(2,447,759)
(Brokerage)	(4,341)	(4,085,143)	(5,536)	(3,017,284)	(78.4)	(135.4)	(10,381)	(6,808,694)
Brokerage ratio	77.3%	77.9%	83.8%	71.8%			81.7%	73.6%
Shares of total for TSE	1.17%	1.14%	1.62%	1.23%			1.52%	1.21%

4. Volume of underwriting, offering, and selling (In millions of shares/millions of yen)

			First half from 1 April 2004 to 30 September 2004	First half from 1 April 2003 to 30 September 2003	% change from same period last year	Financial year from 1 April 2003 to 31 March 2004
Underwritten	Equities	(# of shares)	24	18	133.4	59
	Equities	(Total value)	64,544	30,005	215.1	89,824
	Bonds	(Total at face value)	1,071,240	812,915	131.8	1,977,618
	Commercial paper, foreign instruments, etc.	(Total at face value)	483,200	623,713	77.5	1,146,313
Offered and sold*	Equities	(# of shares)	24	18	132.8	60
	Equities	(Total value)	67,582	34,464	196.1	97,813
	Bonds	(Total at face value)	1,198,242	937,720	127.8	2,195,424
	Beneficiary certificates	(Total at face value)	1,377,822	1,055,733	130.5	2,236,125
	Commercial paper, foreign instruments, etc.	(Total at face value)	483,200	623,713	77.5	1,146,313

* Includes volume sold and volume privately placed.

5. Capital adequacy requirement ratio (In millions of shares/millions of yen)

		As of 30 September 2004	As of 30 September 2003	As of 31 March 2004
Basic items	Total capital (A)	218,189	211,290	214,081
Supplemental items	Difference in valuation (valuation revenues) of other securities, etc.	7,808	5,600	8,758
	Reserve for securities transaction liabilities, etc.	1,020	814	1,027
	Allowance for bad debts	227	156	248
	Subordinated short-term debt	42,500	38,500	42,500
Total (B)		51,557	45,071	52,534
Deducted assets (C)		79,339	72,088	76,099
Shareholders' equity after deduction (A)+(B)-(C) (D)		190,406	184,273	190,516
Amount equivalent to risk	Amount equivalent to market risk	16,721	12,527	13,443
	Amount equivalent to customer risk	7,201	7,657	7,507
	Amount equivalent to fundamental risk	21,666	20,630	20,499
	Total (E)	45,588	40,815	41,450
Capital adequacy requirement ratio (D)/(E)*100		417.6%	451.4%	459.6%

(Reference)

Quarterly Changes in Consolidated Statement of Income

(In millions of yen)

	Second quarter of previous financial year	Third quarter of previous financial year	Fourth quarter of previous financial year	First quarter of current financial year	Second quarter of current financial year
Operating revenues	26,713	26,151	29,931	30,420	24,987
Commissions and fees received	15,584	15,823	17,819	21,121	16,883
Brokerage commissions	10,130	9,705	10,769	13,559	8,265
(Equities)	(10,048)	(9,637)	(10,703)	(13,478)	(8,215)
(Bonds)	(62)	(48)	(46)	(63)	(39)
Underwriting & selling fees	1,147	1,607	1,604	1,684	2,776
(Equities)	(922)	(1,340)	(1,389)	(1,377)	(2,551)
(Bonds)	(224)	(267)	(215)	(307)	(225)
Offering & selling fees and commissions	1,951	2,334	2,643	2,934	2,912
Other fees and commissions	2,354	2,175	2,801	2,943	2,928
Trading profit or loss	11,204	9,892	11,664	8,544	7,521
Equities, etc.	3,503	3,687	4,564	2,889	2,205
Bonds, exchange, etc.	7,700	6,205	7,100	5,655	5,316
(Bonds, etc.)	(6,595)	(6,379)	(6,930)	(5,540)	(6,178)
(Exchange, etc.)	(1,104)	(-174)	(169)	(115)	(-862)
Financial revenues	-75	435	447	754	581
Financial expenses	910	1,345	907	1,053	1,128
Net operating revenues	25,803	24,805	29,023	29,367	23,858
Sales, general and administrative expenses	21,098	21,746	21,684	24,416	23,642
Transaction expenses	2,783	2,920	2,789	2,952	3,205
Personnel expenses	10,093	10,836	10,573	12,199	10,821
Real estate expenses	3,422	3,460	3,511	3,504	3,648
Office expenses	3,034	3,115	3,247	3,579	3,447
Depreciation	1,003	941	982	1,192	1,667
Taxes and dues	85	77	79	320	230
Others	675	395	501	668	621
Operating profit	4,705	3,059	7,338	4,950	216
Non-operating revenues	561	288	501	1,700	345
Non-operating expenses	223	161	198	23	114
Ordinary profit	5,042	3,186	7,641	6,628	446
Extraordinary profits	933	4	890	8	582
Extraordinary losses	893	842	3,899	529	499
Net profit before taxes, etc.	5,082	2,348	4,632	6,107	529
Income taxes	31	31	56	37	35
Net profit	5,051	2,317	4,576	6,070	494